

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:

PARCEL RETURN SERVICE

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Docket No. MC2006-1

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POSTAL RATE COMMISSION

In the Matter of:)
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PARCEL RETURN SERVICE) Docket No. MC2006-1

Room 200
Postal Rate Commission
901 New York Avenue, N.W.
Washington, D.C.

Thursday, November 17, 2005

The above-entitled matter came on for hearing
pursuant to notice, at 10:01 a.m.

BEFORE:

HON. GEORGE A. OMAS, CHAIRMAN
HON. DAWN A. TISDALE, VICE CHAIRMAN
HON. RUTH Y. GOLDWAY, COMMISSIONER
HON. TONY A. HAMMOND, COMMISSIONER

APPEARANCES:

On behalf of the United States Postal Service:

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APPEARANCES (continued):

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P R O C E E D I N G S

(10:01 a.m.)

CHAIRMAN OMAS: Today, we are holding a prehearing conference in Docket No. MC2006-1 concerning the Postal Service's proposal to make parcel return service permanent.

I am George Omas, chairman of the Postal Rate Commission. With me today are Vice Chairman Don Tisdale, Commissioner Ruth Goldway, and Commissioner Tony Hammond. This is the first Commission proceeding since Commissioner Tisdale was elected vice chairman, and I want to take this opportunity to congratulate him. Congratulations.

Our reporter for this docket is Heritage Reporting Company. Appearance forms are available on the table to the left of the door as you enter the hearing room. To order transcripts, you may call (202) 628-4885 or talk to the reporter at the close of today's conference.

As the first order of business, I will ask the participants or their counsel to introduce themselves for the record. The United States Postal Service.

MR. REIMER: Mr. Chairman, Brian Reimer for the United States Postal Service.

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1 CHAIRMAN OMAS: American Postal Workers
2 Union, AFL-CIO.

3 (No response.)

4 CHAIRMAN OMAS: Association of Postal
5 Commerce.

6 (No response.)

7 CHAIRMAN OMAS: Association of Priority Mail
8 Users, Inc.

9 (No response.)

10 CHAIRMAN OMAS: Douglas Carlson.

11 (No response.)

12 CHAIRMAN OMAS: Mail Order Association of
13 America.

14 (No response.)

15 CHAIRMAN OMAS: Office of the Consumer
16 Advocate.

17 MR. RICHARDSON: Mr. Chairman, I'm Kenneth
18 Richardson, and with me is Shelley S. Dreifuss,
19 director of the Office of OCA.

20 CHAIRMAN OMAS: Parcel Shippers Association.

21 MR. MAY: Timothy May.

22 CHAIRMAN OMAS: Pitney Bowes, Inc.

23 MR. SCANLON: Michael Scanlon on behalf of
24 Pitney Bowes.

25 CHAIRMAN OMAS: David Popkin.

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1 (No response.)

2 CHAIRMAN OMAS: Is there anyone whom I've
3 missed?

4 (No response.)

5 CHAIRMAN OMAS: There being none, Commission
6 Order No. 1447 gave notice of the Postal Service
7 request in this case and established preliminary
8 procedural dates. It also directed interested parties
9 to comment on the Postal Service's conditional motion
10 to waive certain filing requirements.

11 No objections were received in the Postal
12 Service's motion. A waiver is granted.

13 Order 1447 further authorized settlement
14 negotiations and appointed the Postal Service counsel
15 as settlement coordinator. A settlement conference
16 was held on Tuesday, November 15th. Mr. Reimer, would
17 you please provide us with an oral report on
18 settlement negotiations at this time?

19 MR. REIMER: At the settlement conference on
20 the 15th, the participants were the United States
21 Postal Service, OCA, MOAA, Pitney Bowes, Post.com,
22 Parcel Shippers, and Mr. Popkin.

23 We believe there is a good chance that this
24 case will settle, Mr. Chairman. No one indicated that
25 they intend to file their own cases, and we discussed

1 a possible discovery date cutoff of December 8th,
2 which would be three weeks from today, and that date
3 would be acceptable to the Postal Service.

4 That is a very quick summary, Mr. Chairman.
5 We believe, at this time, that there is a good chance
6 that this case could settle.

7 CHAIRMAN OMAS: Thank you, Mr. Reimer.

8 Would any participant like to add anything
9 to Mr. Reimer's statement at this point?

10 MS. DREIFUSS: Mr. Chairman, I'm Shelley
11 Dreifuss for the Office of the Consumer Advocate. I
12 have just one observation to make. I don't even know
13 if this rises to the level of an issue because I don't
14 know if the Postal Service opposes this approach.

15 When the Postal Service filed this case, the
16 Commission had not yet issued its decision in Docket
17 No. R2005-1, so the Postal Service didn't know at that
18 time what the Commission's cost estimates would wind
19 up being. The Postal Service used its own proposed
20 costs from Docket No. R2005-1 in this proceeding.

21 It's OCA's position that the Postal Service
22 should revise its filing to reflect any differences
23 between its proposed costs in the rate case and those
24 that the Commission finally adopted. And the reason
25 I'm not sure if it even rises to the level of an issue

1 is I'm not sure if the Postal Service has any trouble
2 with that idea.

3 CHAIRMAN OMAS: Mr. Reimer?

4 MR. REIMER: Mr. Chairman, it's my
5 understanding that OCA has asked in discovery for that
6 information that Ms. Dreifuss has indicated, and our
7 witnesses are looking at that right now. I do not
8 know that that would rise to any difficulty, but if
9 there is, it would come out in discovery that would be
10 filed within two weeks.

11 CHAIRMAN OMAS: Thank you.

12 No requests for formal evidentiary hearings
13 in this case have been received. Does anyone here
14 today wish to request a hearing at this time?

15 (No response.)

16 CHAIRMAN OMAS: It appears that there have
17 been discovery requests to the Postal Service, as just
18 discussed, that will require it to update its cost
19 estimates to reflect the Docket R2005-1 decision. The
20 Commission would appreciate having a parcel return
21 service cost presentation reflecting that decision.

22 Mr. Reimer, please see to it that the Postal
23 Service provides one, either in response to discovery
24 or as a separate response to my request this morning,
25 please.

1 MR. REIMER: Yes, Mr. Chairman.

2 CHAIRMAN OMAS: I want to allow sufficient
3 time for participants to develop the record, and, in
4 addition, I want to schedule briefs so that they do
5 not conflict with counsels' holiday schedule. Under
6 the current domestic mail classification schedule, the
7 service will continue as an experiment while this case
8 is going on.

9 Mr. Reimer, will you please consult with
10 your fellow counsel and file a proposed procedural
11 schedule by next Monday, November 21st?

12 MR. REIMER: Yes, Mr. Chairman.

13 CHAIRMAN OMAS: Does any other participant
14 have any other questions or matters to raise at this
15 point in time?

16 (No response.)

17 CHAIRMAN OMAS: If there is nothing further,
18 this prehearing conference is adjourned. Thank you
19 very much. Have a good day.

20 (Whereupon, at 10:09 a.m., the prehearing
21 conference was adjourned.)

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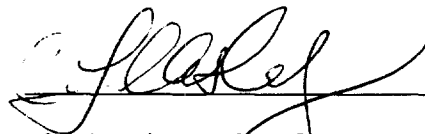
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REPORTER'S CERTIFICATE

DOCKET NO.: MC2006-1
CASE TITLE: Parcel Return Service
HEARING DATE: November 17, 2005
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Postal Rate Commission.

Date: November 17, 2005

A handwritten signature in black ink, appearing to read 'Chesley', is written over a horizontal line.

Christina Chesley
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